

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

CRYSTALLEX INTERNATIONAL CORP.,

Plaintiff,

v.

BOLIVARIAN REPUBLIC OF
VENEZUELA,

Defendant.

C.A. No. 1:17-mc-00151-LPS

NORTHROP GRUMMAN SHIP SYSTEMS, INC.'S JUDGMENT STATEMENT

DATED: August 14, 2023

Respectfully submitted:

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Plaintiff and judgment creditor Northrop Grumman Ship Systems, Inc., f/k/a Ingalls Shipbuilding, Inc., and now known as Huntington Ingalls Incorporated (“Huntington Ingalls”), submits this statement pursuant to the Special Master’s August 7, 2023, Letter (D.I. 652) and Paragraph 32 of the Sale Procedure Order, which requires that:

[b]y no later than 21 calendar days following the Preparation Launch Date any holder of an Attached Judgment or holder of a judgment seeking to be an Attached Judgment shall deliver to the Special Master and to counsel for the Venezuela Parties a statement indicating the amount such creditor contends remains outstanding with respect to their Attached Judgment or judgment. Such creditor shall provide reasonably sufficient supporting documentation regarding any alleged outstanding balance and all amounts and assets received by reason of the Attached Judgment or judgment and any other information pertinent to understanding the outstanding balance of the applicable Attached Judgment or judgment.

1. Short summary of the parties’ underlying dispute.

Huntington Ingalls’s dispute with the Bolivarian Republic of Venezuela (“Venezuela”) arose out of Venezuela’s non-payment for services provided in relation to a contract for the repair and refurbishment of two Venezuelan warships. On February 19, 2018, an arbitral tribunal (the “Tribunal”) issued an international arbitration award (“the Award”) in favor of Huntington Ingalls in the amount of \$ 128,862,457.27.¹

On June 26, 2019, Huntington Ingalls filed a Motion to Recognize and Execute the Award in the Southern District of Mississippi pursuant to Articles 4 and 5 of the Inter-American Convention on International Commercial Arbitration of 1975 and the Federal Arbitration Act, 9 U.S.C. §§ 9, 207, 302 and 304.² *Id.* at *11. The Mississippi federal district court granted the Motion on March 31, 2020, in an opinion and order that rejected Venezuela’s argument that the Tribunal had acted beyond its authority when it determined that Rio de Janeiro should serve as the arbitral seat. *See id.* at *21. The Mississippi federal district court entered a judgment (“Judgment”) on June 4, 2020, in the amount of \$137,977,646.43. *See* Ex. B (1:20-mc-00257, D.I. 1).

Huntington Ingalls thereafter registered the Judgment in this Court pursuant to 28 U.S.C. § 1963 on July 31, 2020. *Id.* On September 15, 2020, Huntington Ingalls filed a motion for an order authorizing the Clerk of the Court to issue a writ of attachment *fieri facias* (“*fi. fa.*”) in accordance with Section 1610(a)(6) of the Foreign Sovereign Immunities Act (“FSIA”), Rule 69(a)(1) of the Federal Rules of Civil Procedure, and Sections 5031 (10 Del. C. § 5031) and 324 (8 Del. C. § 324(a)) of the Delaware Code as to the shares of PDV Holding, Inc. (“PDVH”), a Delaware corporation fully-owned by Petróleos de Venezuela S.A. (“PDVSA”), the state oil company and alter ego of judgment

¹ *See Northrop Grumman Ship Sys. v. Ministry of Def. of the Republic of Venez.*, No. 1:02cv785-HSO-RHW, 2020 U.S. Dist. LEXIS 56586, at *10 (S.D. Miss. Mar. 31, 2020).

² *See* Inter-American Convention on International Commercial Arbitration [opened for signature Jan. 30, 1975, O.A.S.T.S. No. 42, 1438 U.N.T.S. 245], (reprinted after 9 U.S.C. § 301).

debtor Venezuela. 1:20-mc-00257, D.I. 25. After an evidentiary hearing held on April 30, 2021, the Court granted Huntington Ingalls a conditional writ of attachment³ on March 23, 2023, finding that Huntington Ingalls successfully proved an alter ego relationship between Venezuela and PDVSA. 1:20-mc-00257, D.I. 81. The Third Circuit recently affirmed the Court's March 23, 2023, order. *See OI European Grp. B.V. v. Bolivarian Republic of Venezuela Petroleos de Venezuela*, 73 F.4th 157 (3d Cir. 2023).

2. Description of any collection efforts by the Judgment Holder to-date.

Huntington Ingalls has been pursuing enforcement efforts in Bonaire and Curaçao. Those enforcement efforts have not yielded any payments toward the amount Huntington Ingalls is seeking in the auction. If Huntington Ingalls' collection efforts yield any payments toward the Judgment, Huntington Ingalls will promptly notify the Special Master.

3. The initial amount of the applicable judgment.

The initial amount of the Judgment, attached as Exhibit B, is **\$137,977,646.43**. The Judgment is inclusive of pre-award interest, costs, and fees.

4. The amount by which the judgment has been reduced, if at all, as a result of any collection efforts by the Judgment Creditor.

Huntington Ingalls has not received any payment reducing the amount of the judgment owed.

5. The proposed rate at which post-judgment interest is, or may be, accruing on the applicable judgment, including a proposed formula to be used for calculation of post-judgment interest on a daily-basis.

The judgment calls for post-judgment interest pursuant to 28 U.S.C. § 1961, which is calculated "from the date of the entry of the judgment, at a rate equal to the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding the date of the judgment." 28 U.S.C. § 1961(a). "Interest shall be computed daily to the date of payment . . . and shall be compounded annually." 28 U.S.C. § 1961(b).

The applicable interest rate for Huntington Ingalls's Judgment is .17%. The formula to calculate interest pursuant to Section 1961 is as follows:

$$(\$ \text{ Judgment Amount} \times \text{Interest Rate} / 365) + \text{Days Passed in Current Year}$$

The above formula is then compounded annually. To illustrate, the total amount of judgment owed after the first year (March 31, 2020 – March 30, 2021) is as follows:

³ Huntington Ingalls requested a conditional writ of attachment during the hearing because it lacked an OFAC license required for a final writ of attachment at the time.

$$(((\$137,977,646.43 \times .17\%) / 365) \times 364^4) + \$137,977,646.43 = \$138,212,208.$$

That amount is then taken as the principal to measure the interest owed after the second year (March 31, 2021 – March 30, 2022):

$$(((\$138,212,208 \times .17\%) / 365) \times 364^5) + \$138,212,208 = \$138,447,169$$

Huntington Ingalls has calculated that the Venezuela Parties owe \$ 793,373.79 in post-judgment interest measured from March 31, 2020, through August 14, 2023. *See* Ex. C.⁶ This adds to a grand total of \$138,771,020 outstanding on the Judgment, inclusive of post-judgment interest.

* * *

In accordance with the Special Master's letter, the following documents are appended to this Judgment Statement:

- Ex. A - Signed Certification
- Ex. B - Docketed Version of Huntington Ingalls' Judgment
- Ex. C - Excel Workbook of Judgment Calculation

DATED: August 14, 2023

Respectfully submitted:

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⁴ This is the amount of days between March 31, 2020 and March 30, 2021.

⁵ This is the amount of days between March 31, 2021 and March 30, 2022.

⁶ Attached as Exhibit C is a pdf of an excel worksheet that calculates the total amount owed, including interest. Huntington Ingalls will email a native version of the excel sheet to the Special Master, as well as the Venezuela Parties, so that they may inspect the document's formulas.